

## **Memorandum**

To: Massachusetts All-Payer Claims Database Health Care Payers

From: Division of Health Care Finance and Policy

Re: Additional Guidance and Clarification of the APCD Variance Review Process

Date: November 10, 2010

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The purpose of this memo is to provide health care payers with an update of the Division of Health Care Finance and Policy's (Division) effort to review the all-payer claims database variance requests and offer further clarification of the working partnership with payers throughout the review process.

### **Goals for the Variance Application Review Process -**

The Division is committed to using the variance application review process to have an open dialogue with payers and to complete a thorough review of the submitted variance applications and all supporting documents. To accomplish this, the Division will meet with payers to provide technical support, to document submission challenges, and to collaboratively discuss remediation plans that will have a mutually beneficial result. The Division hopes the collaborative discussions and active partnership with payers will lead to a final variance application with a signature from a payer representative that reflects a commitment toward a common agreement for the next twelve months.

The Division acknowledges that the completion of all fields from the variance application will depend on the status of efforts to develop and generate test and production files. Payers should, however, submit variance requests with as much information and documentation to describe the current issues and plans for remediation. The Division's liaisons will be in regular contact with payers to understand the specific challenges to submitting data and to provide technical support and clarification when necessary.

As testing and production progresses, payers should use the results and available information to provide the Division with detailed descriptions of all remaining challenges and propose updated remediation plans. As this will likely require an iterative process between payers and the liaisons, the Division will not penalize payers that are actively engaged with the Division throughout the review process.

### **Variance Review Timeline -**

The Division had previously indicated to payers that the review process would be conducted over a 60-day period, beginning on October 1, 2010. Because payers will continue to submit test files and utilize the results to fully inform proposed threshold levels and remediation plans, the Division will not require this year's variance application process to be completed before December 1, 2010.

The Division's liaisons will work with payers during the testing phase and leading to the initial submission of data in January. The Division will also allow payers to utilize the production files submitted in January and February to assist in the completion of the

variance application and to facilitate constructive dialogue with the liaisons about proposed thresholds and remediation plans. The Division believes payers who are actively engaged throughout the process should have a completed and mutually agreed upon application no later than March 31, 2011. Therefore, the Division strongly encourages all payers to actively participate in all phases of testing, production, and variance review processes.

Please note that the Division is committed to reviewing future annual submissions of variance requests within the 60-day period as originally stated in the application and documentation.

#### **Next Steps -**

Thank you for working with the Division throughout the implementation of the all-payer claims database, including the variance application review process, to realize our shared goal of administrative simplification and ensure the submitted data meet the analytic needs of the Division and its sister agencies.

Health care payers who submitted a preliminary variance application request in October should have received contact information from a Division liaison to arrange for additional follow-up. Please do not hesitate to contact your liaison if you have any questions or comments. If you have submitted a variance application request and have not been contacted by a liaison or you have questions about submitting a variance request, please notify Paul Smith ([paul.smith@state.ma.us](mailto:paul.smith@state.ma.us)) of the Division, and he will ensure you are contacted by someone as soon as possible.

In the meantime, the Division encourages payers to submit test files and partner with us to ensure a timely and thorough review of the variance applications as well as a successful implementation of the all-payer claims database.